

Public confidence is reflected in record bank clearings, heavy small savings, oversubscription of the £35 m. War Loan, the strengthening bond market and steadiness of the stock exchange. Oversea trade is affected by the shipping problem and steps are being taken to help the meat export industry. The war effort will be furthered by stricter control of building (already decreasing) and probable greater use of producer-gas in motor vehicles. The U.S.A. is supplying Britain with 2m. tons of freighters and tankers and has frozen Axis funds in U.S.A.

C O N T E N T S.

PART

I.

Season: Useful rain. May rains below average.

Export Prices and External Conditions. Help for meat export industry. U.S. ships for Britain. Priorities Bill puts U.S. industry on war basis. Rationing of clothes in U.K. British labour supports war effort. U.K. wholesale prices. Dutch E.I. refuse Japan's trade demands.

Currency Relations Japan stabilises sterling - yen exchange. Sterling steady in New York.

Wool: Wool received in Sydney. Conditions in U.K. Australian Woollen manufacturing.

Wheat: Production in N. America. Wheat futures rise in Chicago. Local prices unchanged.

Butter: Production in N.S.W. factories - Apr. & July-Apr. 1940-41. Intra-State Quota - June, 1941. Pay to suppliers to North Coast Factories - May, 1941.

Metals: Tin and silver slightly cheaper in London.

II.

Bank Clearings, Sydney: May and Jan.-May, 1941.

Stock Exchange, Sydney: May, 1941.

Real Estate, N.S.W.: Sales and Mortgages - May & Jan.-May, 1941.

Interest Rate - Mortgages: March-May, 1941.

Bonds: May-June, 1941.

Overseas Trade, Australia: May and July-May, 1940-41.

Savings Banks, N.S.W.: Deposits and Open Accounts - May, 1941. War Savings Certificates. "

III

Buildings Commenced, Metron. Water Bd. Area: Value and No. of Houses - May & Jan.-May, 1941.

Motor Vehicles, N.S.W.: New vehicle Sales - May, 1941. Producer Gas. Registered vehicles at May 31, 1941.

Railways, N.S.W.: Passengers, Freight & Finance. Apr. & July-Apr., 1940-41.

Trams and Buses: Passengers & Finance Apr. & July-Apr., 1940-41.
(Sydney & Newcastle).

PART I.. PRIMARY AND EXPORT INDUSTRIES.

SEASON. Light to moderate rainfall was recorded throughout New South Wales early in June. As a result of these and earlier showers satisfactory germination of wheat is assured. Some pastoral areas lack adequate feed but generally there is promise of reasonable conditions for flocks and herds during the winter. My rains were below average throughout the State. Index numbers of rainfall for recent months compare with those of a year earlier (in parenthesis) as follow:-

<u>1940-41 (1939-40)</u>	<u>Dec.</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>
	Weighted Av. Ratio (%) of Actual to Normal Rainfall.					
Sheep Districts	123(35)	319(30)	78(34)	152(46)	16(204)	58(33)
Wheat "	129(26)	336(24)	87(18)	148(21)	11(227)	61(36)
Dairying " (Coast)	167(49)	144(58)	102(47)	87(104)	88(88)	63(39)

EXPORT PRICES AND
EXTERNAL TRADE
CONDITIONS.

While the price factor remains favourable (export prices are about 20 per cent. above the pre-war level) prospective export income is conditioned by the physical difficulties of shipping commodities overseas.

The Commonwealth Government has decided to lift the ban on the slaughtering of lambs for export as from July 1 and to buy, for freezing all lambs of certain standards (at prices somewhat below those provided in the U.K. contract), storing such as cannot be shipped; and to buy after canning, surplus beef, mutton and pig meat (up to a quantity equal to 24,000 tons of frozen and fresh pork) at prices enabling canners to buy meat from producers at a price which though less than the U.K. contract price, will give them a reasonable return. Export of mutton and certain classes of beef will not be permitted and export of frozen pig meat will be banned after October 1. By these means and a possible increase in local consumption of lamb it is hoped to stabilise the meat industry during the war.

On June 11 President Roosevelt announced that 2 million tons of American freighters and tankers were being made available to Britain immediately. Arrangements have been made for U.S. ships to take over British Pacific services. All German and Italian assets in the United States were frozen on June 15. American war production is rising and resolute action has been taken to break strikes in factories producing war goods. The Mandatory Priorities Bill signed on June 2 places the production machinery of the U.S.A. on a war basis. Latterly the New York stock market has strengthened appreciably.

Developments in Britain include the rationing of clothes, foot-wear and knitting wool, reaffirmation by British labour of its wholehearted support in prosecuting the war, and further popular demand for still more complete mobilisation of productive capacity. The Ministry of Labour plans to gather 100,000 building workers to speed up defence and factory construction. "The Economist" index number of wholesale prices was 104.9 (1927 = 100) on May 26 compared with 104.3 on April 22.

Canada has a \$300 m. (£A87m.) Victory Loan open for subscription. The Dutch East Indies has refused trade concessions sought by Japan. Trade agreements between Germany and Turkey and Russia and Japan have been reported. Britain is seeking an agreement with Thailand to prevent exports of tin and rubber reaching the Axis powers.

INTERNATIONAL
CURRENCY
RELATIONS.

The Japanese Government stabilised sterling-yen exchange as from June 1, 1941 and will compensate Japanese exchange bankers for losses incurred in transactions between the two currencies. Clearly, the aim is to promote trade with the sterling area. In some quarters the move is interpreted as indicating that Japan intends to avoid war with Britain though there has been nothing in Japanese statements to encourage that view. Japan seeks to facilitate acquisition by Japan of raw materials she lacks and which she might obtain in trade with the sterling area. Wool is the main item Australia might provide, but disposal of wool to Japan is entirely a matter for Britain. It is generally assumed that the stabilised rate of exchange will be the prevailing rate of yen 14 to £1 stg., but it is reported from Tokio that financial interests in Japan are pressing for depreciation of the yen in relation to sterling.

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PART I. (Continued.)

In the open market in New York sterling has remained steady at \$4.03½ to £stg. or at parity with the official rate of sterling-dollar exchange in London

WOOL. The quantity of wool received in Sydney from July 1, 1940 to June 12, 1941 was 1,219,523 bales, compared with 1,276,975 bales in the corresponding period of 1939-40. The average weight of wool per bale is about 9 lb. less than that of last season (306 lb.). In the trade it is expected the N.S.W. clip will show a decrease of not more than 5 per cent. in comparison with the record clip of 1939-40.

To date 1,219,611 bales of wool have been appraised in Sydney and the final appraisements of this season will be carried out this and next week.

The concentration of British industry into fewer establishments extends to the woollen mills. Sections working on Government orders and for export trade are active but manufacture for home civilian supplies is restricted. Introduction of clothes rationing in Britain has the object of fairly apportioning the reduced supply based on a ration of raw wool for civilian needs only one-fifth of the pre-war total.

Australian woollen mills are fully occupied and it has been announced that all wool yarn produced will be required for military clothing for Australian and other Empire Forces. Manufacturers are expected to use some 500,000 bales of raw wool this season, compared with 406,848 bales in 1939-40.

WHEAT. The June estimate of U.S. winter wheat production is 698 million bushels which is 45 m. bus. greater than the May estimate. Canadian spring wheat prospects are also good. According to a London report the scarcity of shipping space is preventing the placing of South African and Far East contracts for Australian wheat.

Recent rains should assure satisfactory germination of wheat sown in New South Wales where the area under wheat is expected to be rather less than that of last season.

In Sydney millers have been buying wheat for flour for export and for local flour and the market has been steady.

Wheat futures in Chicago have risen again over the past fortnight and September options were at 101½ per bus. on June 14. On June 10 the quotation (103½ cents) was the highest since mid-May, 1940. The high loan rates (believed to be up to 98 cents a bushel) fixed for 1941 wheat by the U.S.A. Dept. of Agriculture account for this arbitrary high level. Prices in London and in Winnipeg remained steady.

There has been no change in local prices. The Wheat Board's price for bulk wheat for local flour is 3s. 11¼d. a bushel f.o.r., Sydney. The wholesale price of flour in Sydney is unchanged at £12.13s. a ton.

PRICES OF WHEAT IN NEW SOUTH WALES.

Shippers' offers to 1938-39. Price for sale for local flour from Dec. 1939.

<u>Bulk Wheat</u>	Seasons ended November.					May		June 14, 1941.
	Av.	31-35	1937	1939	1940	1940	1941	
	Shillings and pence per bushel.							
	Ex trucks, Sydney	2	9½	5 3	2 5	3 10½	4 0	3 11¼
Equiv. ex farm at country siding	2	2½	4 8	1 9½	2 10	2 10	2 5	

½ Amounts actually paid in advances by Wheat Board. Some further payments are probable.

BUTTER. The quantity of butter made in factories in New South Wales in April, 1941, (8.68 million lb.) was the least in April for any year since 1926-27. Principal dairying centres other than the far South Coast have received useful rain in recent weeks but an increase in cream supplies is unlikely until the

/Spring.....

PART I. (Continued.)

Spring. A shortage of farm labour is reported from some dairying districts. Production in the ten months ended April, 1941 (91.74m. lb.) was 7.94 m. lb. less than in July-Apr., 1939-40 and 22.47 m. lb. less than in the corresponding months of the peak years 1931-32 to 1935-36.

PRODUCTION OF BUTTER IN NEW SOUTH WALES FACTORIES.

		<u>Av. 1932-36</u>	<u>1937</u>	<u>1938</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>
April	lb. (mill.)	10.88	10.37	9.09	11.88	9.17	8.68
July-April	"	114.21	91.74	103.97	95.64	99.68	91.74

The proportion of butter made in June, 1941 which may be sold within the State is 71 per cent. This is rather below the average in June of recent years. The quota reflects position of supplies in the Eastern States of Australia as a whole. Quotas in June of years since 1935 were:-

<u>1935</u>	<u>1936</u>	<u>1937</u>	<u>1938</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>
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Proportion of butter made permitted to be sold in N.S.W.

June	68%	87½%	81%	93%	60%	69%	71%
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For cream supplied to certain North Coast factories in May, 1941 farmers are being paid 13d. per lb. of butter made. This is 1d. per lb. above the pay in May, 1939 but gross payments to farmers will be lower taking into account the decrease in production.

PAY TO SUPPLIERS OF CREAM TO CERTAIN NORTH COAST FACTORIES, N.S.W.

	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>Deferred Pay</u> <u>Jan.-June.</u> ø
	Pence per lb. of butter made.					
1933-34 x	6½	6¾	7	8	9¼	1⅛
1936-37 x	10	10	11	11½	12¼	1
1938-39	12¼	12½	12½	12¾	12	1⅝
1939-40	12½	12⅝	12⅝	12¾	13	1.06
1940-41	12½	12⅝	12¾	12¾	13	To be fixed.

ø This amount is additional to that shown for each relevant month.

x Cartage charges (now paid by factories) met by farmers (about ⅜d. a lb.)

The local wholesale price of butter is 158s. 8d. per cwt. (unchanged since June 8, 1938). For butter exported to Britain the price received is equivalent to 137s. 2d. per cwt. f.o.b. Sydney.

It is planned to reduce British dairy herds by 300,000 by the autumn because of the shortage of feeding stuffs.

METALS. In London there has been no change in the prices fixed by the British Ministry of Supply for electrolytic copper (£62), lead (£25) and spelter (25 15s.) per ton.

The open market price of tin has fluctuated between £261 5s. and £268 12s. 6d. a ton in London during the past fortnight and was £260 17s. 6d. per ton on June 13, 1941. International Tin Committee's figures show that in May for the first time for several months supplies received appreciably exceeded deliveries and world visible supplies rose 2,105 tons to 37,191 tons compared with 25,632 tons in May, 1940.

The market for silver has eased slightly.

/PRICES OF.....

PART I (Continued.)

PRICES OF TIN AND SILVER - LONDON (ENGLISH CURRENCY).

	<u>Aug.</u> <u>1939</u>	<u>May,</u> <u>1940</u>	<u>Apr.</u> <u>1941</u>	<u>May,</u> <u>1941</u>	<u>June 13,</u> <u>1941.</u>
Silver (oz.)	17.7d.	21.9d.	23. 5d.	23. 5d.	23. 4d.
Tin (ton)	£229 19s.	£264. 6s.	£269.19s.	£267.14s.	£260.17. 6d.

To provide for probable needs for canning of surplus meat for export it is proposed to admit imports of tinned meat duty free if supplies can be obtained from the U.S.A.

PART II.

BANK CLEARINGS. The amount of inter-bank clearings in Sydney in May, 1941 (£106.2 million) was the greatest ever recorded for a single month. In the five months ended May clearings totalled £454.8 m. this year, £433.8 m. in 1940, and £375.2 m. in 1939. Subscriptions to the Commonwealth £35 million Loan affected bank clearings in May, 1941. Higher prices and wage rates, increased employment, the high and rising level of industrial activity and Army, etc. pay are factors in the greater turnover of money in banking accounts.

The index number of bank clearings for the five months ended May was 117 this year compared with 111 a year earlier and 100 in 1939. Payments to primary producers decreased appreciably in comparison with those of last year and the rising trend of bank clearings is clearly a reflection of the expansion of war industries and of war activities generally.

INTER-BANK CLEARINGS - SYDNEY.

	Amount (a)		Index Number (b)
	Month of May.	Five Months ended May.	March-May 1926-30 = 100.
	£ million.		
1929	89.7	443.5	104
1938	82.9	384.3	103
1939	82.0	375.2	100
1940	90.2	433.8	111
1941	106.2	454.8	117

(a) Excluding Treasury bill transactions. (b) The index is adjusted to eliminate effects of bank amalgamations and special governmental transactions but not for changes in the price level.

STOCK EXCHANGE. During May, 1941 prices of ordinary company shares fluctuated slightly with practically no net change on the Sydney Stock Exchange. The London stock markets tended firmer during May but in New York the market weakened at times and showed no clear trend. Transactions in Sydney were small in volume and few investors pressed securities on the market. There were no major movements in share values in Sydney during the first fortnight in June.

The index number of average value of ordinary company shares in Sydney in May, 1941, was 166 compared with 168 in May and 151 in June, 1940. There was a slight general decline from April to May, 1941. Manufacturing and retail company shares were each 4 points above the value in May, 1940. Other comparisons are:-

INDEX OF VALUE OF ORDINARY COMPANY SHARES - SYDNEY STOCK EXCHANGE.
Excluding Banks. Per value = 100.

Average for Month.	Shares in Companies engaged in -						Total 34 Active Shares.
	Manufac- turing & Distribut- ing.	Retail Trade.	Public Utili- ties.	Pastoral and Finance.	Insur- ance.	75 Companies	
March, 1937(a)	214	204	181	169	281	190	200
January, 1940(b)	229	174	152	132	270	182	195
June, 1940(c)	187	138	129	110	233	151	160
May, 1940	210	160	138	128	254	168	182
April, 1941	216	166	138	120	249	168	182
May, 1941	214	164	135	117	248	166	180

(a) Highest point. (b) Highest and (c) lowest points of the war period.

REAL ESTATE. Sales of real estate registered in May were greater in value than in any other month of this year, and in the five months ended May sales were 7 per cent. greater and mortgages were 15½ per cent. less than in the corresponding months of last year. In comparison with Jan.-May, 1938 sales decreased by 17.1 per cent. and mortgages by 40.3 per cent.

Very little city property has changed hands. The demand for houses, flats and factory premises and for sites for these has been the market's mainstay. Official control over mortgage investment (over £5,000) and of private building have been market factors. Property values are very firm. Comparative particulars of real estate transactions are as follow:-

REAL ESTATE TRANSACTIONS - NEW SOUTH WALES.

	Month of May.		Five Months ended May.	
	Sales	Mortgages (a)	Sales	Mortgages (a)
	£000	£000	£000	£000
Av. 1925-29(b)	(4,619)	(4,042)	(23,095)	(20,210)
1938	3,989	2,727	15,707	10,761
1939	3,090	2,112	13,845	9,794
1940	2,908	1,449	12,172	7,603
1941	2,835	1,324	13,026	6,426

(a) Normal renewal of mortgages included in 1925-29. Renewals were rendered unnecessary in many cases by the Moratorium Act, 1930.

(b) Monthly and five months averages.

INTEREST RATES. Mortgages. In the three months ended May weighted average rates of interest on private first mortgages registered were 4.9 per cent. on rural and 5.5 per cent. on urban mortgages. During 1939 mortgage interest rates hardened, rising almost one-half per cent., but early in 1940 a gradual downward trend began and average rates now current are below the immediate pre-war levels. On rural securities the average is below that of any year of record except 1935 (4.8 per cent.). Urban mortgages, however are still 0.3 per cent. above the lowest level in 1935 and the three-months moving average has been unchanged since Aug.-Oct., 1940.

Mortgage transactions exceeding £5,000 are subject to approval under National Security regulations and low mortgage rates of interest are an element in the financial policy of the Government.

AVERAGE RATES OF INTEREST ON PRIVATE FIRST MORTGAGES - N.S.W.

	Rural First Mortgages.					Urban First Mortgages.				
	1937	1938	1939	1940	1941	1937	1938	1939	1940	1941
	Weighted average rate of interest - per cent. per annum.									
March-May	5.0	5.0	5.0	5.0	4.9	5.4	5.4	5.6	5.7	5.5
Calendar Year	5.0	5.0	5.2	5.1	-	5.3	5.4	5.6	5.6	-

Government Securities. Subscriptions to the Commonwealth £35 million War Loan (which closed on May 19) were £35.86 m. about two-thirds of which was for 1950-56 bonds at $3\frac{1}{4}$ per cent. and the remainder for five year securities at $2\frac{1}{2}$ per cent. per annum. There were 56,530 subscribers compared with about 22,000 to the £28 m. Loan of November last. Arrangements for the Treasurer to accept loans in advance to be applied to subsequent loan issues are being continued.

The Stock Exchange was depressed by war developments during April and May and in mid-May, 1941 the average net redemption yield on Government securities was about 4s. per cent. higher than in January, 1941. By the end of May, however the average yields had fallen again almost 2s. per cent. Bond prices have continued to improve during the present month on 5 to 10 year issues and now compare with those ruling at the end of March (before the recent reaction). The average rate of interest earned on Government securities is approximately one per cent. lower than in September, 1939.

PART II. (Continued.)

COMMONWEALTH GOVERNMENT SECURITIES - NET REDEMPTION YIELDS.

	5 and under 10 years maturity.			10 years and over.	
	Fully Taxed ^ø	Part Taxed [✱]	All Securities	Fully Taxed ^ø	Part Taxed [✱]
	Interest Yield. £. s. d. per annum. ✱				
Average, 1939			3 17 5 3 5 0	No. Securities	3 18 5 3 6 0
Jan. 29, 1941	3 4 2	2 17 7	2 18 6		2 19 9
Mar. 26, "	3 2 10	2 18 9	2 19 5		3 0 6
May, 14, "	3 4 2	3 1 10	3 2 2		3 4 0
" 28, "	3 4 2	2 19 8	3 0 5		3 2 9
June 11, "	3 1 8	2 18 9	2 19 6		3 2 2

^ø Interest subject to Commonwealth taxation but no State income taxation.

[✱] Interest subject to Commonwealth taxation only at 1930 rates, but no State income taxation.

[✱] Weighted average calculated on earliest date of maturity.

OVERSEA TRADE - AUSTRALIA. The overseas trade of Australia is showing the effects of wartime shortage of ships and of import control. In May, 1941 merchandise imports (£stg. 10.30 m.) decreased by 5.1 per cent. and exports (£stg. 9.18 m.) decreased by 22.3 per cent. in comparison with May, 1940. In every month of this year the value of exports and of imports was below that of the corresponding month of 1940. Comparisons are as follow:-

	Merchandise Exports (£stg. million)							Merchandise Imports (£stg. million)						
	Sep.- Dec.	Jan.	Feb.	Mar.	Apr.	May.	Sep.- May.	Sep.- Dec.	Jan.	Feb.	Mar.	Apr.	May.	Sep.- May.
1938-39	37.9	7.2	8.4	9.0	6.8	8.0	77.3	32.6	8.2	8.2	8.7	6.8	8.4	72.9
1939-40	38.0	11.0	11.5	10.0	11.1	11.8	93.4	29.3	11.5	13.9	9.6	12.2	10.8	87.2
1940-41	35.8	9.8	7.5	10.3	9.0	9.2	81.6	36.1	9.4	6.2	7.9	8.9	10.3	78.8

Import restrictions now in force cut off imports from non-sterling countries of a value of £A14 million a year on 1938-39 import values. It is understood that further import restrictions are to be imposed shortly. Australia's balance of trade may be helped by possible supply of war goods from U.S.A. under the Lend-or-Lease Act.

In the eleven months ended May, 1941 there were decreases in value of commodity imports of 4.8 per cent. and of exports of 9.2 per cent. It is estimated that in 1940-41 imports may be £stg.108m. and exports about £stg.109m. However, taking into account payments for goods (notably, wool) sold but not actually shipped the balance of trade will be more favourable than the trade figures suggest.

OVERSEA TRADE - MERCHANDISE ONLY - AUSTRALIA. ^ø

Merchandise	Month of May			Eleven Months ended May.				
	1939	1940	1941 ✱	1937	1938	1939	1940	1941 ✱
	Value in £ sterling, million.							
Exports	7.97	11.82	9.18	109.93	105.00	90.81	109.45	99.41
Imports	8.40	10.85	10.30	82.13	102.78	90.99	105.38	100.32
Commodity Balance	-.43	.97	-1.12	27.80	2.22	-.18	4.07	-.91

^ø Particulars of bullion and specie not available for publication.

[✱] Preliminary. Minus sign (-) denotes excess of imports.

SAVINGS BANKS. The amount of deposits in savings banks in New South Wales at 31st May, 1941 was £86,096,000; an increase of £917,000 compared with a year earlier. During May, 1941 withdrawals exceeded deposits by £886,000. This

/may be.....

PART II (Continued.)

may be attributed to subscriptions to the £35 m. War Loan and perhaps to income tax payments. During the present financial year there has been a marked increase in small savings. In March Qr., 1940 scarce withdrawals resulted in a net decrease - taking purchases of war savings certificates and savings deposits together - of £2,242,000 but in the eleven months ended May, 1941 the increase in savings deposits and net purchases of War Savings Certificates amounted to approximately £7,660,000. Particulars are as follow:-

1940-41		July- Dec.	Jan.	Feb.	Mar.	Apr.	May.	July- May.
Savings Deposits ^Ø	£000	2,773	688	536	602	-245	-886	3,958
" Certificates ^x	£000	2,654	176	179	226	(180)	(290)	(3,705)
Total	£000	5,427	864	715	828	425	-596	7,663

^Ø Excess of deposits over withdrawals. ^x Purchases, less repayments.
Minus sign (-) denotes decrease. Figures in brackets are approximations.

In April and May, the number of open savings accounts increased by 10,825 this year compared with increases of 1,707 in 1940 and 9,628 in 1939.

SAVINGS BANKS IN NEW SOUTH WALES.

	Depositors' Balances		Increase in Deposits		Open Savings Accounts.	
	At Apr. 30.	At May 31.	In May	In year ended May.	At April 30.	At May 31.
	£000	£000	£000	£000	000	000
1937	79,961	79,979	18	1,070	1,202	1,210
1938	84,211	84,310	99	4,331	1,273	1,281
1939	86,222	86,097	(-)125	1,787	1,318	1,324
1940	87,056	85,179	(-)1,877	(-) 918	1,320	1,321
1941	86,982	86,096	(-) 866	917	1,328	1,333

Minus sign (-) denotes decrease.

PART III. INDUSTRIES.BUILDING INDUSTRY.Buildings Commenced - Metropolitan Water Board Area.

NOTE: These figures include most Government buildings but some Defence buildings (camps, etc.) are not included. All private buildings are included. Further restrictions on private building have been made.

Indications are that building activity is decreasing but as yet there has been little decrease outside the city area. The value of houses and flats commenced was greater but of business premises and miscellaneous buildings was much less in Jan.-May, 1941 than in any recent year.

Houses commenced decreased in number by 10 per cent. in comparison with Jan.-May, 1939.

Building control regulations have been amended to prohibit the building of new hotels, offices and places of amusement, and to require approval for erection of any building (except houses and flats costing less than £3,000). Alterations in the next twelve months exceeding £500 for hotels and shop premises, £250 for houses and £1,000 for other buildings will require official sanction. Erection of churches, schools and hospitals is not banned but is to be discouraged, and approval for factory buildings will be limited to those which will serve war purposes or supply civilian essentials. Consent will be required to demolish buildings of a value of more than £500. The objects are to husband financial resources, materials and labour for defence purposes and for building and housing essential to the war effort.

To provide housing for munitions and defence workers £100,000 has been allocated by the N.S.W. Government and it is reported that about £375,000 is to be expended on housing at Lithgow and Glen Davis by the Commonwealth.

In May, 1941 buildings valued at £975,000 were commenced within the Metropolitan Water Board Area. This was the lowest total for May since 1937, but a little above the average value in preceding months of this year. While a well-defined trend is not apparent, values in most recent months have been below those in the corresponding months of years since 1938:-

	<u>Sept.- Dec.</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>Sept.-May</u>
Value of buildings commenced - £ thousand.							
1937-38	4,223	1,168	919	974	1,057	1,186	9,527
1938-39	3,595	949	1,053	1,074	994	1,220	8,885
1939-40	3,370	1,371	887	795	1,187	1,309	8,919
1940-41	3,918	926	891	1,154	838	975	8,702

This year the total was affected by the introduction of official control of building which caused a rush to commence certain types of building, the presumption is that otherwise the decrease shown would have been greater. However, the decrease is mainly in the City of Sydney; the total in Jan.-May was lowest for several years and approximately only one-third that in the first five months of 1939. Elsewhere in the Area a high level of building activity has been maintained:-

VALUE OF BUILDINGS COMMENCED - METROPOLITAN WATER BOARD AREA.

		City of Sydney.			Suburbs and Extra-Metropolitan.		
		<u>May.</u>	<u>Jan.-May</u>	<u>Sept.-May</u>	<u>May.</u>	<u>Jan.-May</u>	<u>Sept.-May.</u>
1937-38	£000	199	948	1,747	987	4,356	7,780
1938-39	£000	364	1,136	1,498	856	4,154	7,387
1939-40	£000	260	982	1,335	1,049	4,567	7,584
1940-41	£000	82	380	664	893	4,404	8,038

/Active.....

PART III. (Continued.)

Active building of houses and flats has been the feature in recent months. Figures for May included one block of 140 flats for £40,000. Within the group "business premises" the main activity is in provision of factory premises; the control is evidently reinforcing an already strong falling-off in the building of shops and offices. Under "Miscellaneous" there were included 3 public schools, £93,000 in May, 1941.

	<u>Houses</u>	<u>Flats.</u>	<u>Business Premises</u>	<u>Miscella- neous.</u>	<u>Total</u>
Value of Buildings commenced - £ thousand.					
1938 ø	500	207	291	47	1,045
1939 ø	497	155	261	79	992
1940 ø	513	195	233	132	1,073
Jan., 1941	480	195	210	41	926
Feb., "	483	190	142	76	891
Mar., "	547	322	152	133	1,154
Apr., "	479	202	130	27	838
May., "	530	259	70	116	975

ø Monthly average.

Particulars of value by classes of buildings commenced in this Area in May and the five months ended May in recent years are compared below. Percentage changes from 1939 (pre-war) to 1941 are shown in the final column. Houses and flats begun in Jan.-May, 1941 were greater and business premises very much lower in value than in any recent year, and miscellaneous buildings also decreased significantly.

BUILDINGS COMMENCED - METROPOLITAN WATER BOARD AREA.
Inclusive of most Government buildings and all private buildings.

	May.			Five Months ended May.					
	1939	1940	1941	1937	1938	1939	1940	1941	Change 1939 to 1941.
	Value in Thousands of pounds.								per cent.
Dwellings houses	538	492	530	1516	2320	2377	2435	2519	+ 6.0
Flats	170	207	259	666	1120	810	926	1168	+44.2
Business Premises	356	239	70	1356	1579	1606	1473	704	-56.2
Miscellaneous x	156	371	116	457	285	497	715	393	-18.0
Total	1220	1309	975	3995	5304	5290	5549	4784	- 9.6

ø Factories, shops, offices, warehouses, etc. x Theatres, halls, churches,
hospitals, schools, military buildings, etc. + Denotes increase.
- Denotes decrease.

DWELLING HOUSES. There were 605 dwelling houses commenced in May, 1941 in this Area compared with (in May) 583 in 1940, 674 in 1939 and 668 in 1938. Factors in the numerical decrease compared with 1938 and 1939 are the higher cost of building and reduced activity of co-operative building societies (see B.S.1941/5C, p.11) and general war reactions. The average value of houses commenced in Jan.-May was £924 in 1941 compared with £803 in 1939, the number decreasing about 10 per cent. while the total value was about 6 per cent. greater.

PART III (Continued.)

INDIVIDUAL DWELLING HOUSES COMMENCED - METROPOLITAN WATER BOARD AREA.

	March Qr.	June Qr.	Sept. Qr.	Dec. Qr.	Calendar year	Month of May.	5 months ended May.
Number of dwelling houses (not including flat dwellings.)							
1936	1,273	1,251	1,668	1,195	5,387	428	2,080
1937	1,152	1,212	1,618	1,592	5,574	397	1,995
1938	1,627	1,857	2,120	1,853	7,457	668	2,827
1939	1,859	1,785	2,034	1,663	7,341	674	2,961
1940	1,740	1,720	2,036	1,665	7,161	583	2,892
1941	1,587	-	-	-	-	605	2,725

MOTOR VEHICLES. There are indications that the importance of reducing petrol consumption as a security measure and to save foreign exchange is being more generally appreciated. There is increased enquiry for gas producers. These have been exempted from Sales Tax, and manufacture or sale of units other than of approved type has been prohibited. Tenders invited by the Commonwealth for the supply of units in lots of 500 or 1,000 (with guarantee of sale) closed with the Supply Dept. on June 10. The N.S.W. Government is calling tenders for the fitting of gas producers to Government vehicles. The N.S.W. Forestry Commission has arranged to increase production of charcoal. Some private enterprises are endeavouring to rationalise delivery services.

The Power Alcohol Committee has recommended creation of plant at a cost of £4.5 m. to increase production in Australia of power alcohol (for blending with petrol) from 2m. gal. to 52.5 m. gal. a year, using wheat and sugar-cane products.

Petrol rationing has no doubt affected the sale of new motor vehicles. In May, 1941 these (averaging 135 per week) were less than one-half and one-fifth the number in May 1940 and 1938, respectively.

AVERAGE WEEKLY NUMBER OF NEW MOTOR VEHICLES REGISTERED, N.S.W.

	Cars, Cabs and Omnibuses.						Lorries and Vans.					
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Dec.	Jan.	Feb.	Mar.	Apr.	May.
1937-38	534	427	470	505	478	487	222	163	184	177	182	207
1938-39	457	325	505	435	393	417	163	117	127	131	130	151
1939-40	344	246	333	268	243	176	127	87	110	106	114	103
1940-41	163	141	163	167	121	89	169	53	70	71	47	46

Ø Exclusive of trailers and of vehicles in Defence Services.

After varying only slightly for several months the number of all vehicles registered decreased by 1,483 in May, 1941, cars alone decreasing by 1,196. During the war period there have been decreases in registered cars of 10,955 and lorries and vans of 2,093. Trends in motor vehicles registered are illustrated below:-

NUMBER OF REGISTERED MOTOR VEHICLES IN NEW SOUTH WALES

		1933	1939		1940		1941		
		July	May	Aug.	May	Sept.	Jan.	Apr.	May
Cars	000	148.2	215.5	216.6	211.9	204.8	207.4	206.9	205.7
Lorries & Vans	000	48.2	76.6	77.5	76.1	74.7	75.6	75.7	75.7
All Vehicles	000	216.5	327.0	329.2	321.2	312.2	316.2	316.0	314.5

Ø Exclusive of vehicles in Defence Services, includes trailers.

PART III. (Continued.)

RAILWAYS. In the ten months ended April, 1941 the State railways had a working surplus of £6.49 m. compared with £5.19 m. and £4.21 m. in the corresponding periods of 1939-40 and 1938-39, respectively. A record number of passengers and quantity of goods have been carried. This is due to the expansion of industry, increased employment, war activities, and some transport of goods by rail consequent upon reduced coastal shipping services. Gross receipts in the ten months were 14.5 per cent. greater this year than in 1939-40 and working expenses increased by 9.8 per cent.

In comparison with July-Apr., 1938-39 there were increases in passenger journeys of 6.4 per cent., in goods ton mileage of 11.9 per cent. and in working surplus of 22.8 per cent. Increases in wage rates and in cost of materials continue to add to working expenses but there are indications that this may be more than offset by further increase in the amount of railway traffic.

NEW SOUTH WALES GOVERNMENT RAILWAYS.

	Month of April.			Ten Months ended April.		
	Passenger Journeys	Goods Ton Mileage	Working Surplus ^ø	Passenger Journeys	Goods Ton Mileage.	Working Surplus ^ø
	million	million	£000	million	million	£000
1937	14.7	1511	507	147.0	1,502	5,077
1938	16.5	154	531	156.8	1,607	5,438
1939	15.1	138	465	156.3	1,508	4,210
1940	15.0	116	91	149.3	1,633	5,188
1941	16.5	148	387	159.3	1,865	6,491

^ø Excess of earnings over working expenses exclusive of interest etc. charges amounting in 1939-40 to £6,561,000.

ROAD TRANSPORT SERVICES. Government trams and omnibuses in Sydney and Newcastle transported 20.8 million more passengers in July-Apr., 1940-41 than in the corresponding ten months of 1939-40. The record and increasing number of persons in employment and travelling by defence personnel are the major factors in the increase as a result of which receipts of these services (notwithstanding concession fares to soldiers, etc. and children) were £229,000 greater than in July-Apr., 1939-40. Economies in working provided some offset to increases in costs in wages and materials and the working surplus increased by £159,000 to £765,000 for the ten months. This surplus is £94,000 greater than the amount required to meet all capital charges in the full financial year, 1939-40.

GOVERNMENT TRAMWAY AND OMNIBUS SERVICES - SYDNEY AND NEWCASTLE.

	Month of April				Ten Months ended April			
	Earnings.	Working Expenses	Working Surplus ^ø	Passengers.	Earnings.	Working Expenses	Working Surplus ^ø	Passengers.
	£000	£000	£000	Mill.	£000	£000	£000	Mill.
1938	385.8	301.3	84.5	33.3	3591	2910	681	309.6
1939	373.4	305.6	67.8	31.6	3642	3074	568	311.7
1940	362.5	313.9	48.6	30.9	3740	3134	606	316.4
1941	412.6	341.6	71.0	35.3	3969	3204	765	337.2

^ø Excess of earnings over working expenses, exclusive of interest, sinking fund, depreciation and exchange amounting in 1939-40 to £671,000.